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HOUSE BILL 973

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Rhonda S. King

AN ACT

RELATING TO TAXATION; CREATING AN INCOME TAX CREDIT FOR
ADOPTION OF SPECIAL NEEDS CHILDREN; REPEALING AND ENACTING
SECTIONS OF THE NMSA 1978.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted
to read:

"~~[NEW MATERIAL]~~ CREDIT--SPECIAL NEEDS ADOPTED CHILD TAX
CREDIT--CREATED--QUALIFICATIONS--DURATION OF CREDIT.--

A. A taxpayer who files an individual New Mexico
income tax return, who is not a dependent of another individual
and who adopts a special needs child on or after January 1,
2007 or has adopted a special needs child prior to January 1,
2007, may claim a credit against the taxpayer's tax liability
imposed pursuant to the Income Tax Act. The credit authorized

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1 pursuant to this section may be referred to as the "special
2 needs adopted child tax credit".

3 B. A taxpayer may claim and the department may
4 allow a special needs adopted child tax credit in the amount of
5 one thousand dollars (\$1,000) to be claimed against the
6 taxpayer's tax liability for the taxable year imposed pursuant
7 to the Income Tax Act.

8 C. A taxpayer may claim a special needs adopted
9 child tax credit for each year that the child may be claimed as
10 a dependent for federal taxation purposes by the taxpayer.

11 D. If the amount of the special needs adopted child
12 tax credit due to the taxpayer exceeds the taxpayer's
13 individual income tax liability, the excess shall be refunded.

14 E. A husband and wife who file separate returns for
15 a taxable year in which they could have filed a joint return
16 may each claim only one-half of the special needs adopted child
17 tax credit provided in this section that would have been
18 allowed on a joint return.

19 F. As used in this section, "special needs adopted
20 child" means an individual who may be over eighteen years of
21 age and who is certified by the children, youth and families
22 department or a licensed child placement agency as meeting the
23 definition of a "difficult to place child" pursuant to the
24 Adoption Act; provided, however, that a classification as a
25 difficult to place child shall not be based on a physical or

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underscoring material = new
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1 mental impairment or an emotional disturbance that is less than
2 moderately disabling."

3 Section 2. REPEAL.--Section 7-2-5.4 NMSA 1978 (being Laws
4 1988, Chapter 59, Section 1, as amended) is repealed.

5 Section 3. APPLICABILITY.--The provisions of this act
6 apply to taxable years beginning on or after January 1, 2007.